

**BEFORE THE ENVIRONMENT COURT
I MUA I TE KOOTI TAIAO O AOTEAROA**

ENV-2018-CHC-198

IN THE MATTER of the Resource Management Act 1991

AND of an application under section 85 and
clause 21 of the First Schedule of the
Act

BETWEEN **REDMOND RETAIL LIMITED**

Applicant

AND **ASHBURTON DISTRICT COUNCIL**

Respondent

**SUPPLEMENTARY STATEMENT OF EVIDENCE OF BARRY JAMES REDMOND
ON BEHALF OF REDMOND RETAIL LIMITED**

Dated 12 April 2019

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- 1 My name is Barry James Redmond, and I am a shareholder and director of the applicant company Redmond Retail Limited. I was the author of a statement that was attached to the s85 application lodged in the Environment Court, and this supplementary statement is to be read in conjunction with that first statement, and specifically addresses issues to be decided by the Court.

Is the site capable of further development if the building remains in situ?

- 2 The site comprises a freehold title that the existing building covers 100%.
- 3 The adjacent carpark is a separate title and Glasgow Lease from the Ashburton District Council. This site could be sold independently or developed within the district plan. If this was done then it would effectively landlock the heritage building which would then need to rely on access directly from the street frontage. This would limit the use of the building and limit vehicular access to the building unless you drove through the building.
- 4 If the Gilkison proposal was considered and the leasehold site sold or developed independently then the vacant land created by the demolition of the later additions would still be landlocked and of no value. The skeletal remains of the "Historic" part of the building would still have to be strengthened and bought up to NBS code. Any new external walls and windows would have to be installed within an acceptable heritage standard.
- 5 If the original barn-like form of the 19th century is to be reinstated I believe this would further compromise and limit the potential use of the site which would already be economically not viable. If the original barn-like 19th century part of the building is to be reinstated this would further limit the reasonable use of the building. The style, windows and access designed in the 19th century for use as an agricultural storage facility would not be appropriate for any form of modern business that would operate from a Business A zone. Building on the rear of the site that could be created by

demolition of the additions would only replicate an existing floor space in a modern form. Its use would still be compromised by the retained historic building and there is unlikely to be any appeal for leasing it. Mr McLeod has commented on the uneconomic viability of such development.

Whether demolition of the extensions enhances reasonable use of the building?

- 6 Demolition of the extensions would not enhance the use, as all it does is reduce the leasable area and creates the added expense of demolition, that is slightly offset by a reduced building size that would need to be brought up to code.

Has the owner reasonably explored alternative options for reasonable use of the building?

- 7 There is very limited potential for storage, which has historically been the only use of the building. Because of the change in storage techniques over the years the building is no longer suitable for grain or agricultural products. Its storage use is probably boats, caravans or cars.
- 8 The Council have notified that the building needs to be brought up to earthquake code by 2023 so this is only a short term option and it would in any event be uneconomic. Storage is the only reasonable use without triggering a change of use if any of the Business A zone activities were to be considered. This would trigger the upgrade beyond the earthquake prone status to as close to 100% as is practical. Our consultants have concluded the cost of achieving this is unrealistic economically and would require a rental return far beyond what could reasonably be expected for a business to be viable. **Attached** is a letter from our bankers indicating they have no appetite to finance this sort of uneconomic venture.

Are there options that could still reasonably be pursued?

- 9 This is probably answered above. The building was given a heritage listing long before the Canterbury earthquakes (in 1981). Under the Ashburton Borough Council 1980 District Plan the site was then zoned Service

Commercial. The Council since changed the zoning of the property to Business A and encouraged the previous activity to move to one of the two Council owned industrial parks. Compliance for earthquake prone buildings became a significant factor in the economic equation when assessing options for reuse or redevelopment of any building.

- 10 There are no reasonable options for the building that I am aware of that are economic.
- 11 This is further evidenced by other recent unsuccessful conversions. I have had discussions with a former chair (Mr Alister Lilley) of the Ashburton Licensing Trust (**ALT**) who had been involved in the conversion of a late 19th century storage shed in Somerset Lane into a hospitality and night club in 2007. The owners spent at least a million on the conversion and closed it in February 2015, and the building was subsequently sold at a loss. To quote Alistair Lilly, *"I organised to sell Braided Rivers and The Shed to stop it bleeding money"*.¹
- 12 Braided Rivers Bar and Restaurant was developed from another old motor garage to make use of a "character" building. The ALT leased it but couldn't make a reasonable profit so sold the lease, and I believe the existing lessee is under the same financial pressure and cannot make a reasonable profit.
- 13 We had looked at hospitality for our site but the advice from our consultants and knowledge observing the local market conditions counted strongly against pursuing that any further. In fact, the advice I have from the former ALT Chair is that *"it would be like throwing money out the door in an extremely strong Nor West wind!!"*. I accept that, and he understands the hospitality market in Ashburton better than most.

¹ Personal communication by email dated 10 April 2019

What is the development potential of the site if the building were to be demolished or removed

- 14 With a blank piece of paper the opportunities are endless within the zoning requirements and the benefit of the location on the State Highway.
- 15 Initially Chris and I saw the potential of the site as a location for our furnishing and flooring business. During our term of ownership of the property, we have had to lease space in the Mitre 10 complex to establish our Beds R Us and Lazyboy Gallery. Given the opportunity to redevelop the site, we could look at establishing a Homewares Centre and relocating these activities, and possibly adding Tile Warehouse and Flooring Foundation franchises.
- 16 Fuel Station. This is usually a complying activity on a State Highway, and as there are a couple of new players in the market (NPD and Chevron), our site is likely to be an attractive option for expansion of their activities.
- 17 Fast Food. While the town has some of the major players located strategically on the state highway there are a number of operators that are not in Ashburton for example Wendy's, Carl's Jnr and Night & Day.
- 18 Business A zone. Development of the site for anyone that would benefit from the exposure and location of the State Highway.
- 19 Motor Vehicle dealer. The site has the exposure which is important for this type of business. Generally the franchise owners are very specific with the architectural appearance so it reflects the modern products they are selling.

Present use of building

- 20 Following purchase of the building, Peter Cates leased the building for \$72,000 per annum for ten months, although since vacating it, we have had no income despite trying to find tenants. We have given the space to the local rowing club to store boats and the Rotary Club to sort books for their Bookarama fundraiser. In an effort to offset holding costs we have just

moved our carpet bulk store from a modern, clean, dry vermin free leased building to the rear portion of the Peter Cates building. This is saving Redmond Retail \$15,000 per year. This is a low cost second grade storage and not ideal for the product we store due to the poor condition of the building. We have seen no demand for the building for secondary storage and are only using it to mitigate costs as we see no other option for the use of the building.

Barry Redmond

12 April 2019